

ASIA GROWTH STRATEGIES



Matthews China Fund

June 30, 2018

Investment Objective

Long-term capital appreciation.

Strategy

Under normal market conditions, the Matthews China Fund seeks to achieve its investment objective by investing at least 80% of its total assets, which include borrowings for investment purposes, in the common and preferred stocks of companies located in China. China includes its administrative and other districts, such as Hong Kong. The Fund seeks to invest in companies capable of sustainable growth based on the fundamental characteristics of those companies, including balance sheet information; number of employees; size and stability of cash flow; management's depth, adaptability and integrity; product lines; marketing strategies; corporate governance; and financial health.

Risks

All investments involve risks, including possible loss of principal. Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic region.

FUND FACTS

	Investor Class	Institutional Class
Ticker	MCHFX	MICFX
CUSIP	577130701	577130818
Inception	02/19/98	10/29/10
NAV	\$22.17	\$22.15
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio	1.09%	0.93%

Portfolio Statistics

Total # of Positions	50
Net Assets	\$1.0 billion
Weighted Average Market Cap	\$151.0 billion
Portfolio Turnover	78.74% ¹

Benchmark

MSCI China Index²

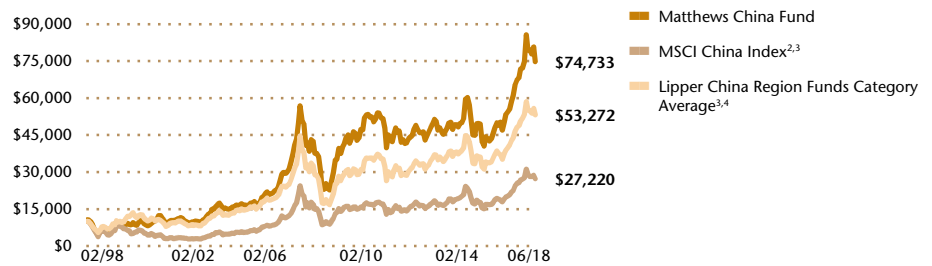
INVESTMENT APPROACH

Matthews Asia believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia is the largest dedicated Asia-only investment specialist in the United States. With \$33.9 billion in assets under management as of June 30, 2018 Matthews Asia employs a bottom-up, fundamental investment philosophy with a focus on long-term investment performance.

PERFORMANCE AS OF JUNE 30, 2018

	3 Months	YTD	Average Annual Total Returns				Since Inception	Since Inception
			1 Year	3 Years	5 Years	10 Years		
Investor Class	-5.94%	-0.14%	22.37%	9.33%	11.72%	7.10%	10.38%	02/19/98
Institutional Class	-5.94%	-0.09%	22.57%	9.48%	11.88%	n.a.	4.74%	10/29/10
MSCI China Index	-3.44%	-1.69%	21.42%	7.26%	12.32%	6.21%	5.05% ³	n.a.

GROWTH OF A \$10,000 INVESTMENT SINCE INCEPTION — INVESTOR



The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gain distributions or redemption of fund shares. Values are in US\$. Source: BNY Mellon Investment Servicing (US) Inc.

- The lesser of fiscal year 2017 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.
- The MSCI China Index is a free float-adjusted market capitalization—weighted index of Chinese equities that includes China—affiliated corporations and H shares listed on the Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen exchanges and P Chips and foreign listings (e.g. ADRs). Index is for comparative purposes only and it is not possible to invest directly in an index.
- Calculated from 2/28/98.
- The Lipper Category Average does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated period.

Performance assumes reinvestment of all dividends and/or distributions before taxes. All performance quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the return figures quoted. Returns would have been lower if certain of the Fund's fees and expenses had not been waived. For the Fund's most recent month-end performance visit matthewsasias.com.

Matthews China Fund

June 30, 2018

TOP TEN HOLDINGS⁵

	Sector	% of Net Assets
Alibaba Group Holding, Ltd.	Information Technology	10.8%
Tencent Holdings, Ltd.	Information Technology	9.3%
China Construction Bank Corp.	Financials	4.0%
Industrial & Commercial Bank of China, Ltd.	Financials	3.8%
Agricultural Bank of China, Ltd.	Financials	3.7%
AIA Group, Ltd.	Financials	3.4%
Ping An Insurance Group Co. of China, Ltd.	Financials	3.3%
Baidu, Inc.	Information Technology	3.1%
China Life Insurance Co., Ltd.	Financials	2.7%
China Petroleum & Chemical Corp.	Energy	2.6%
% OF ASSETS IN TOP TEN		46.7%

SECTOR ALLOCATION (%)⁶

	Fund	Benchmark	Difference
Information Technology	30.8	39.3	-8.5
Financials	24.9	21.3	3.6
Consumer Discretionary	10.8	9.6	1.2
Industrials	5.7	4.4	1.3
Energy	5.2	5.1	0.1
Materials	5.1	1.9	3.2
Consumer Staples	4.9	2.6	2.3
Real Estate	4.2	5.4	-1.2
Health Care	3.2	3.6	-0.4
Utilities	2.8	2.7	0.1
Telecom Services	1.1	4.1	-3.0
Cash and Other Assets, Less Liabilities	1.5	0.0	1.5

Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit www.msci.com. Source: FactSet Research Systems

MARKET CAP EXPOSURE (%)^{6,7}

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	58.7	67.6	-8.9
Large Cap (\$10B-\$25B)	4.5	17.7	-13.2
Mid Cap (\$3B-\$10B)	31.8	13.0	18.8
Small Cap (under \$3B)	3.5	1.7	1.8
Cash and Other Assets, Less Liabilities	1.5	0.0	1.5

Source: FactSet Research Systems

P/E RATIOS⁸

P/E Using FY1 Estimates	12.0x
P/E Using FY2 Estimates	10.4x

Source: FactSet Research Systems (P/E est. as of 06/30/18)

CHINA EXPOSURE (%)^{6,9}

SAR (Hong Kong)	30.4
H Shares	28.7
Overseas Limited Companies (OL)	18.9
A Shares	12.5
China-affiliated corporations (CAC)	8.0
B Shares	0.0
Cash and Other Assets, Less Liabilities	1.5

Source: FactSet Research Systems

⁵ Holdings may combine more than one security from the same issuer and related depositary receipts.

⁶ Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding. Percentage values may be derived from different data sources and may not be consistent with other Fund literature.

⁷ Equity market cap of issuer.

⁸ The P/E figures represent the Weighted Harmonic Average P/E—which measures the price/earnings ratio of the Fund's entire portfolio, excluding negative earners—weighted by the size of the company's position within the portfolio. P/E estimates are forward looking. There is no guarantee that portfolio composition will remain unchanged or P/E estimates will be realized.

⁹ SAR (Hong Kong) companies are companies that conduct business in Hong Kong and/or mainland China. **China affiliated Corporations [CAC]**, also known as "Red Chips," are mainland China companies with partial state ownership listed in Hong Kong, and incorporated in Hong Kong. **China A Shares** are Mainland Chinese companies incorporated in China and listed on the Shanghai or Shenzhen exchanges, available mostly to local Chinese investors and qualified institutional investors **H Shares** are mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China. **B Shares** are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors. **Overseas Listed [OL]** companies are companies that conduct business in mainland China but listed in overseas markets such as Japan, Singapore, Taiwan and the United States.

PORTFOLIO MANAGEMENT

Andrew Mattock, CFA

Lead Manager

Winnie Chwang

Co-Manager

Henry Zhang, CFA

Co-Manager

Portfolio characteristics for the Fund may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable.

You should carefully consider the investment objectives, risks, charges and expenses of the Matthews Asia Funds before making an investment decision. A prospectus or summary prospectus with this and other information about the Funds may be obtained by visiting matthewsasia.com. Please read the prospectus carefully before investing as it explains the risks associated with investing in international and emerging markets.

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